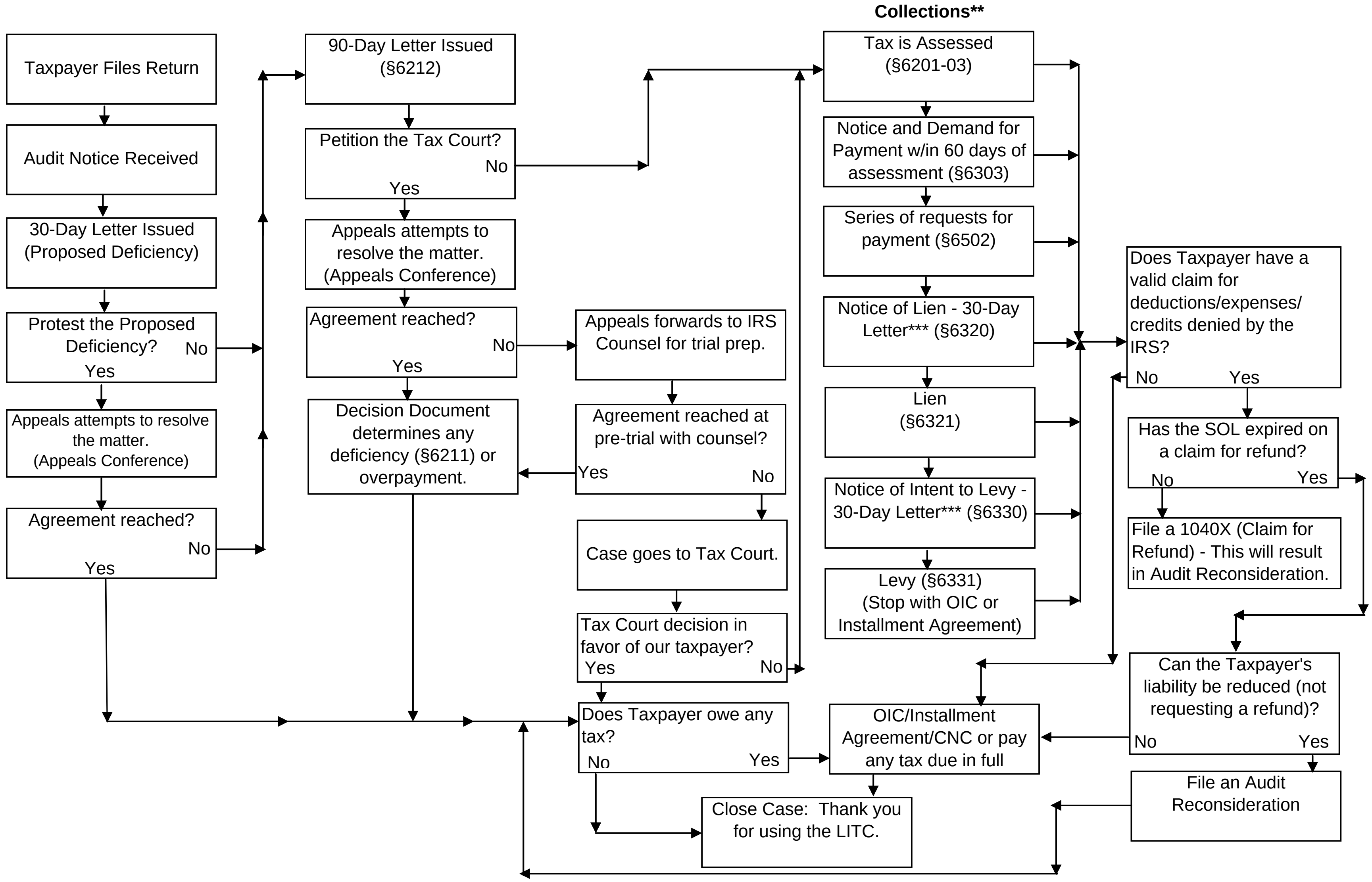
Federal Income Tax Dispute Resolution



*If taxpayer agrees with proposed deficiency, taxpayer may either pay all tax due or engage in "collections" activities.

*At any time during the collections process, the taxpayer may be entitled to file a claim for refund or audit reconsideration if he/she has a valid claim. If your client is in collections, you should suspend collection activity by filing an OIC or entering into an installment agreement until the matter is resolved. Consider whether the due process requirements for collection have been met, making the IRS' collection activity valid (a CDP hearing may be appropriate). CAP - Under the Collection Appeals Program, a taxpayer facing a notice of lien, levy, seizure, or denial or termination of an installment agreement can briefly forestall the collection action to challenge procedural errors. Taxpayers cannot use CAP to challenge tax assessment or for hardship issues

**In a CDP (Collections Due Process) hearing, the taxpayer may challenge procedural errors, assert spousal defenses, and/or raise any relevant issue as to the unpaid tax. However, he/she may not dispute the underlying liability unless the IRS failed to send a 90-day letter or he/she had no opportunity to appeal the tax liability previously. A Notice of Determination received after the hearing allows the taxpayer to petition the Tax Court. The Court will apply the abuse of discretion standard of review to the officer's determination validity of the underlying liability using the de novo standard